

USHE Line Item Structure Recommendations and Discussion

Higher Education Appropriations Subcommittee
August 20, 2019



Line Items



Programs

- Differentiate specific Legislative funding purposes
- Funds may not be moved between Line Items

- Provide flexibility as well as accountability
- Funds may be moved between Programs within a Line Item

ITEM 32	To Utah Valley University - Education and General	
	From General Fund	59,301,600
	From Education Fund	57,256,600
	From Dedicated Credits Revenue	136,545,700
	From Education Fund Restricted - Performance Funding Rest. Acct.	1,000,900
	From Beginning Nonlapsing Balances	22,339,400
	From Closing Nonlapsing Balances	(22,339,400)
	Schedule of Programs:	
	Education and General	249,522,300
	Operations and Maintenance	4,582,500



USHE Systemwide Line Items

- Education and General
 - The principal line item that funds each higher education institution
 - Provides significant flexibility for the institution to fund instruction, student services, operations, and other mission-related programs
 - Educationally Disadvantaged
 - Support educational needs of students who, because of their social-economic status or demographics, have historically been disadvantaged from pursuing a higher education
 - Funds may be spent on tuition assistance, counselors, advisors, or tutoring
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USHE Institution Specific Line Items

- University of Utah (12 Line Items)
 - School of Medicine
 - Cancer Research/Treatment
 - Utah State University (11 Line Items)
 - Statewide Campuses
 - CTE (Career and Technical Ed.)
 - Weber State University (2 Line Items)
 - Utah Valley University (2 Line Items)
 - Southern Utah University (4 Line Items)
 - Shakespeare
 - Snow College (3 Line Items)
 - CTE (Career and Technical Ed.)
 - Dixie State University (3 Line Items)
 - Zion Park Amphitheater
 - Salt Lake Com. College (3 Line Items)
 - School of Applied Technology (CTE)
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USHE Financial Accountability

Annual Institutional Financial Reports

- Regent Policy R561
- Detailed financial reports
 - Statement of Net Position
 - Statement of Cash Flows
- Management discussion and analysis
- Notes to Financial Statements
 - Investments, Retirement, Debt
- Posted on each institution website and compiled at USHE:

<https://ushe.edu/office-of-commissioner/institutional-resources/budget-finance/>

Annual USHE Databook: Tab G Financials

- Revenue Trend Analysis
 - State Funds
 - Tuition and Fees
- State Fund appropriations
- Reimbursed Overhead Receipts and Uses
- Revenue and Expenses
- Included in previous LFA Issue Briefs

<https://le.utah.gov/interim/2018/pdf/00000139.pdf>

https://ushe.edu/wp-content/uploads/pdf/databook/2019/TabG_Financial.pdf

USHE Databook Tab G – “A1” Actuals

Table 6

USHE Summary of Revenues and Expenses

Weber State University

	2016-17		2017-18	
	Appropriated Expenses	Total Expenses	Appropriated Expenses	Total Expenses
Expenses and Other Deductions				
Operating Expenses				
Instruction	70,334,035	85,023,348	72,386,176	87,402,889
Research	211,856	1,006,258	190,681	915,780
Public Service	201,209	2,515,170	234,797	2,520,583
Academic Support	16,472,664	20,547,601	17,077,709	23,141,222
Student Services	12,821,305	19,681,908	14,975,453	20,802,110
Institutional Support	21,708,821	25,401,447	24,444,487	28,231,641
Operation and Maintenance of Plant	13,308,221	26,551,214	13,388,595	21,051,894
Depreciation		16,816,285		17,299,707
Scholarships and Fellowships Expenses	3,187,601	15,473,069		15,140,433
Auxiliary Enterprises		23,133,254		23,948,076
Hospital Services				
Independent Operations				
Other Expenses and Deductions				
Transfers (Net)	14,466,843		17,413,510	
Subtotal - Operating Expenses	\$152,712,555	\$236,149,554	\$160,111,407	\$240,454,335

Line Item Structure

Option 1: Maintain E&G line item structure, but have increased committee discussion around published Operational Expenses

Option 2: Create programs within the E&G line item structured around NACUBO accounting programs

Option 3: Replace the E&G line item with separate line items

Recommendation

Enhanced committee discussion around USHE program expenditures

Issue

- E&G line items preserve institutional budget flexibility to respond to changing student demand
- USHE currently reports actual revenues and expenditures by NACUBO accounting program
 - Annual Databook (Tab G, Table 6)
 - LFA annual Issue Brief
- Creating separate line items would significantly reduce the ability of institutions to manage budgets in a complex environment

Educationally Disadvantaged Line Item

Recommendation

Merge with Education &
General line item

Issue

- Not well defined
- Small portion of overall effort
 - On average < 0.1 percent of budget
- Separate cost centers
- Separate reporting
- Compensation match
- Limited flexibility
- Reallocations
- Not a NACUBO Accounting Program

O&M Program

- Operation and maintenance of physical plant, including administration, building and grounds maintenance, preservation, protection, custodial services, and utilities
- Current program created in FY16 with five years of O&M

Recommendation

Merge with Education & General program

Issue

- Only captures a fraction of the total O&M expenditures
 - UofU O&M Expenditures: \$74.5m
 - UofU O&M line item: \$ 5.6m
- Total O&M budget and actual expenditures annually reported to the state and published online:
 - https://ushe.edu/wpcontent/uploads/pdf/databook/2019/TabG_Financial.pdf
- Inconsistent with nationally reported accounting standard

State Board of Regents Line Items

Recommendation

Consolidate the following line items into the Administration line item:

1. Economic Development
2. Articulation Support
3. Concurrent Enrollment
4. College Readiness

Issue

- Administration (\$4,022,300, 16.4 FTE): Commissioner and staff operations
- Economic Development (\$348,000, 2.7 FTE): sustaining and developing the economy of the state through regional and cluster acceleration efforts
- Articulation Support (\$301,600, 1.4 FTE): provides resources to help students transition from public education and transfer between institutions
- Concurrent Enrollment (\$486,700, 4.1 FTE): provides programmatic support in coordinating efforts between public and higher education
- College Readiness (935,900, 5.9 FTE): helps students understand importance of college, what they can do to prepare, pay for, succeed, and transition to the workforce



QUESTIONS